

## Message Text

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44

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-01 OMB-01 TRSE-00 SP-02

L-03 CIAE-00 INR-07 NSAE-00 AGR-05 XMB-02 CIEP-01

CEA-01 /046 W

----- 105544

R 291122Z MAY 75

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 3572

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EO 11652: N/A

TAGS: EFIN, SY, US

SUBJECT: CLAIM NEGOTIATIONS

REF: A. DAMASCUS 1221 AND PREVIOUS

B. STATE 102952

STATE PASS AID/LOAN MANAGEMENT DIV./OFF. OF FINANCIAL MANAGEMENT

1. SUMMARY. EMBASSY/AID HOLDING DETAILED WORKING-LEVEL DISCUSSIONS ON VARIOUS CLAIMS IN RESPONSE REQUEST OF SYRIAN OFFICES. THESE MEETINGS REVEAL NEED FOR UPDATED FIGURES AND PREPARATION FOR FORWARDING OF OTHER MATERIAL, AS OUTLINED IN ACTIONS REQUESTED BELOW. END SUMMARY.

2. FAA DOLLAR LOAN FOR GRAIN STORAGE.

A. ECON AND AID OFFS. MET MAY 27 WITH SARG MAJOR PROJECTS ADMINISTRATION (MPA) PLANNING DIRECTOR HISHAM SATI, HIS ACCOUNTANT AND HUSNI DIAB, COMMERCIAL BANK OF SYRIA (CBS) REP., WHO ALSO WORKS UNDER DEPMINECON ABDULLAH AZMEH. MEETING ARRANGED AT AZMEH'S REQUEST. SATI, WHO HAS BEEN WITH MPA SINCE 1956, FULLY INFORMED ON HISTORY OF THIS LOAN. WE REVIEWED LAST AID "NOTICE OF PAYMENT DUE," DATED DEC. 2, 1974, SHOWING AMOUNT PAYABLE AS OF JAN 15, 1975 AS \$40,348.67. WHILE SATI AND DIAB UNDERSTOOD

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AND AGREED WITH INTEREST PAYMENT CALLED FOR ON UNPAID INTEREST

UNDER SECTION 2.02 OF THIS LOAN (NO. 276-H-008), ACCOUNTANT DISAGREED (COMMENT: APPARENTLY MORE ON PRINCIPLE RATHER THAN LEGAL GROUNDS; AS SATI NOTED, ARABIC TRANSLATION OF SECTION 2.02 IS CLEAR ON THIS POINT). SATI AND ACCOUNTANT LEFT ROOM TO CONSULT WITH MPA DIRGEN ENG. LUTFI ALKHASS, AND SATI RETURNED SAYING MATTER HAD BEEN CLEARED UP.

B. ACTION REQUESTED: PROVIDE US WITH NEW FIGURE PAYABLE ON JULY 15, 1975, BROKEN DOWN BY PRINCIPAL AND INTEREST (DIVIDED BY INTEREST DUE AND INTEREST ON UNPAID INTEREST). PLEASE NOTE DATE DUE ON FINAL LINE OF INTEREST TABLE SENT TO US WITH DEC. 2, 1974 AID FORM 18-64 SHOULD BE 1/15/75 VICE 1/15/74.

3. SECOND-GENERATION PL 480 BALANCES.

A. WORKING LEVEL SYRIAN OFFICIALS STUDYING OUR COUNTERPROPOSALS PRESENTED TO MINECON IMADI MARCH 29, BASED ON STATE 63778. TIME ELAPSED SINCE THEN HAS MADE DIFFERENCES IN FIGURES WE HAVE BEEN USING AND WE THEREFORE WOULD APPRECIATE RECEIVING UPDATED AND/OR CONFIRMED FIGURES ASAP (ALL FIGURES BELOW IN SYRIAN POUNDS).

B. LOAN NO. 276-G-002: REF. AID NOTICE OF PAYMENT DATED DEC. 2, 1974, DATE PAYABLE JAN. 1, 1975:  
--UNPAID BALANCE: 15,560,469.05;  
--DELINQUENT PORTION OF PRINCIPAL BALANCE: 2,597,400.00;  
--DELINQUENT INTEREST: 4,979,350.10;  
--TOTAL PAYABLE: 7,576,750.10.

C. LOAN NO. 276-G-005: REF. AID NOTICE OF PAYMENT DUE DATED MAY 5, 1975, DATE PAYABLE JUNE 1, 1975:  
--UNPAID BALANCE: 71,119,825.20;  
--DELINQUENT PORTION OF PRINCIPAL BALANCE: 932,480.40;  
--DELINQUENT INTEREST: 3,558,344.00;  
--TOTAL PAYABLE: 4,490,824.40.

D. LOAN NO. 276-G-006: REF. AID NOTICE OF PAYMENT DUE DATED MAY 5, 1975, DATE PAYABLE JUNE 1, 1975:  
--UNPAID BALANCE: 19,034,400.85;  
--DELINQUENT PORTION OF PRINCIPAL BALANCE: 1,539,930.00;  
--DELINQUENT INTEREST: 5,710,320.30;  
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--TOTAL PAYABLE: 7,250,250.30.

E. AGRICULTURAL MARKET DEVELOPMENT CONVERSION: WE HAVE DETAILED IN WRITING TO SARG THIS PROVISION (DAMASCUS 475, STATE 63778). MESSAGES ON THIS PROVISION HAVE APPLIED TO REPAYMENT OF LOAN 276-G-006 AND NEW LOAN AGREEMENT FOR FIRST GENERATION BALANCE OF L.S. 20,980,000 ONCE THIS ACCOUNT UNBLOCKED. WE NOTE, HOWEVER, THAT BOTH AID/W COMPUTER PRINTOUT "NOTICE OF

PAYMENT DUE" FOR 276-G-005 AND 276-G-006 CONTAIN LANGUAGE: "IF  
OPTION TO REPAY IN U.S. DOLLARS IS EXERCISED, ETC." PLEASE  
CONFIRM THIS IS OPTION SPELLED OUT IN PARA 4 OF THESE LOAN  
AGREEMENTS AND DOES NOT RELATE TO AGRICULTURAL MARKET DEVELOPMENT  
CONVERSION REQUIREMENT WHICH CONTAINED ONLY IN 276-G-006. THIS  
OPTION LANGUAGE DOES NOT APPEAR ON AID NOTICES RE LOAN  
276-G-002.

F. SARG WORKING LEVEL IS STUDYING AND PREPARING REPORT  
ON OUR SECOND-GENERATION PL 480 LIMITED STRETCH-OUT REPAYMENT  
FORMULA. SINCE THESE SIX SEMI-ANNUAL INSTALLMENTS AMOUNT TO  
MORE THAN L.S. 18,392,856.23 TOTAL FOR DELINQUENT PORTION  
OF PRINCIPAL AND DELINQUENT INTEREST AS OF JAN. 28, 1975,  
WE ASSUME ADDITION PAYMENTS FALLING DUE AFTER 1/28/75 UNTIL  
END OF SIX SEMI-ANNUAL INSTALLMENTS WERE TAKEN INTO ACCOUNT  
TO MAKE SARG CURRENT ON THESE THREE LOANS AS OF SIXTH PAYMENT  
NOTED IN STATE 63778. DETAILED REVIEW WE HAD OF DOLLAR LOAN  
AND INTEREST AND INTEREST ON INTEREST LEADS US TO SUSPECT  
SARG MAY WISH MORE DETAILED PAYMENT SCHEDULE FOR SIX INSTALLMENTS  
RATHER THAN "ABOUT LS 4.1 MILLION EACH" FOR FIRST AND SECOND  
PAYMENTS, ETC. (PARA B5, STATE 63778). PLEASE CONFIRM  
THAT MORE DETAILED LANGUAGE WILL BE AVAILABLE FROM STATE/AID  
WHEN SYRIANS REQUEST IT.

G. ABOVE-MENTIONED AID "NOTICES OF PAYMENT DUE" CONTAIN  
LINE ITEMS FOR "CURRENT INSTALLMENT DUE, PRINCIPAL." FOR LOANS  
276-G2002 AND 006, SUCH FIGURES IN MOST RECENT NOTICES MATCH  
APPROPRIATE PAYMENT IN "SCHEDULE OF PAYMENTS" ATTACHED TO LOAN  
AGREEMENTS. OUR MOST RECENT FIGURE FOR "CURRENT AMOUNT DUE,  
PRINCIPAL" FOR 276-G-005 IS L.S. 116,560.05, A FIGURE WHICH IS  
NOT SHOWN ON SCHEDULE OF PAYMENTS ATTACHED TO THIS LOAN. DOES  
THIS MEAN THERE IS A REVISED SCHEDULE OF PAYMENTS?  
APPRECIATE CLARIFICATION IN ANTICIPATION OF SYRIAN QUESTIONS.  
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4. FIRST-GENERATION PL 480.

STATE 63778, PARA A1, NOTED THAT PROPOSED AGREEMENT  
TEXT FOR NEW LOCAL CURRENCY LOAN WOULD BE FORWARDED TO US  
AT LATER DATE. WE WOULD APPRECIATE STATUS REPORT ON PREPARATION  
OF THIS TEXT.

5. EXPORT-IMPORT BANK CLAIM.

WITH DETAILED DISCUSSIONS PROCEEDING ON ABOVE CLAIMS,  
WE SUSPECT SARG WILL ASK ABOUT OUR REPLY TO THEIR NOTE OF  
APRIL 21, FOR WHICH WE HAVE REQUESTED GUIDANCE (DAMASCUS 1525).  
MURPHY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CLAIMS, NEGOTIATIONS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Executive Order:** N/A  
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**Review Action:** RELEASED, APPROVED  
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**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CLAIM NEGOTIATIONS  
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**To:** STATE  
**Type:** TE  
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